

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-16953
September 22, 2005**

R E S O L U T I O N

**Resolution T-16953. Approval of Fiscal Year 2006-07 Universal
Lifeline Telephone Service Trust Administrative Committee Fund
Budget in Compliance with Public Utilities Code Sections 270(A)**

Summary

This Resolution adopts a budget of \$289.844 million for the Universal Lifeline Telephone Service Trust Administrative Committee Fund (Committee Fund) for fiscal year (FY) 2006-07.

Background

The Universal Lifeline Telephone Service (ULTS) program was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871. This program provides discounted basic telephone services to qualifying households whose income are below 150% of the federal poverty guidelines. Currently, over 3.5 million low-income households are connected to the public telephone network through the ULTS program.

ULTSAC

On May 26, 2005, the ULTS Trust Administrative Committee (Committee) held a public meeting and approved a proposed budget for the ULTS program for FY 2006-07 in the amount of \$289.884 million. This proposed budget was submitted to the Commission in accordance with Paragraph 4.a.1 of the Committee's Charter.

Notice/Protests

The Committee's proposed budget was noticed on the Commission's Daily Calendar on July 15, 2004 stating that any comments and/or protests must be made in writing and received by the Director of TD within 20 days from the posting date. This 20-day protest period has lapsed and no protests and/or comments have been received.

Discussion

Appendix A,1 displays the actual FY 2003-04, and adopted FY 2004-05 and FY 2005-06 budgets. At the time of this budget resolution, actual FY 2004-05 expenses were not available.

The budget¹ proposed by the Committee is reasonable and is adopted. The itemized costs of this budget are attached as Appendix A.2 and summarized below:

	FY 2006-07 Proposed Budget <u>(\$ millions)</u>	FY 2006-07 Adopted Budget <u>(\$ millions)</u>
Program Costs	\$287.808	\$287.808
Committee Costs	\$.036	\$.036
PUC Staff and Administrative Costs	<u>\$2.040</u>	<u>\$2.040</u>
Total Program Budget	<u>\$289.884</u>	<u>\$289.884</u>

We expect the present surcharge rate level of 1.55% to decrease in FY 2005-06. Assuming no reserve balance and a billing base of \$20.388 billion, the surcharge rate of 1.36% will be required to support the \$277.394 million appropriation adopted in the FY 2005-06 State Budget..

Comments

In compliance with PU Code Section 311(g), a Notice of Availability (Notice) was mailed/e-mailed to parties of record in R.04-12-001 and members of the Committee on August 22, 2005. This Notice advises parties that the draft of this Resolution is

¹ The FY 2006-07 budget proposed by the Committee represents an increase of 4.5% over the current FY 2005-06 appropriation of \$277.394 million.

accessible on the Commission's web site (www.cpuc.ca.gov) and is available for comments in accordance with PU Code Section 311(g).

The 15-day comment period has lapsed. TD received no comments on this Resolution.

Findings

- 1) Complying with the chartered responsibility, on May 26, 2005, the Universal Lifeline Telephone Trust Administrative Committee (Committee) submitted to the California Public Utilities Commission (Commission) a proposed fiscal year (FY) 2006-07 budget for the Universal Lifeline Telephone Service Trust Administrative Committee Fund in the amount of \$289.884 million. The itemized costs of this proposed budget are attached as Appendix A.2
- 2) The Committee's proposed budget was noticed on the Commission's Daily Calendar on July 15, 2004 stating that any comments and/or protests must be made in writing and received by the Director of the Telecommunications Division within 20 days from the posting date. This 20-day protest period has lapsed and no protests and/or comments have been received.
- 3) The Committee's proposed budget is reasonable and should be adopted.
- 4) A Notice of Availability was mailed/e-mailed on August 22, 2005, to parties of record in R.04-12-001 and the committee members of the Committee advising them that the draft of this Resolution is accessible on the Commission's web site (www.cpuc.ca.gov) and is available for comments in accordance with PU Code Section 311(g).
- 5) TD received no comments on this Resolution.

THEREFORE, IT IS ORDERED that:

- 1) This resolution adopts a Universal Lifeline Telephone Service Trust Administrative Committee Fund budget of \$289.884 million for fiscal year 2006-07 as set forth in Appendix A.2 of this resolution.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 22, 2005. The following Commissioners approved it:

/s/ STEVE LARSON

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
JOHN A. BOHN
Commissioners

Appendix A.1

ULTS PROGRAM BUDGETS
(\$ in Thousands)

	FY 2003-04 Actual	FY 2004-05 Adopted Res. T-16877	FY 2005-2006 State Budget*	FY 2006-2007 Proposed
1 Carrier Claims	\$238,537	\$242,000	\$261,000	\$273,000
2 Marketing/Call Center	\$4,587	\$5,758	\$5,508	\$5,508
3 Other Program Services			\$8,000	\$8,000
4 Audits		\$2,100	\$1,200	\$1,200
5 Other Administrative Expenses	<u>\$149</u>	<u>\$128</u>	<u>\$410</u>	<u>\$100</u>
6 Total Program Costs	\$243,273	\$249,986	\$276,118	\$287,808
Administrative Committee-Per				
7 Diem/Travel	<u>\$8</u>	<u>\$3</u>	<u>\$21</u>	<u>\$36</u>
Total Administrative Committee				
8 Costs	\$8	\$3	\$21	\$36
9 Inter-Agency Fee	\$834	\$1,378	\$1,075	\$1,500
10 CPUC Staff Costs	<u>\$437</u>	<u>\$252</u>	<u>\$180</u>	<u>\$540</u>
11 Total Admin & Staff Costs	\$1,271	\$1,630	\$1,255	\$2,040
12 Total Program Budget	\$244,552	\$251,619	\$277,394	\$289,884
13 Appropriation	\$284,784	\$251,619	\$277,394	
14 Current Surcharge Rate				1.55%
15 Projected Billing Base				\$20,388,242
16 Projected Revenue				\$316,018

* The adopted Commission FY 2005-06 budget in Resolution 16877 was \$271.769 million .

APPENDIX A.2

**UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST
ADMINISTRATIVE COMMITTEE FUND**

		<u>FY 2006-2007</u>
		<u>Adopted Budget</u>
		<u>(\$ in Millions)</u>
A	Program Costs:	
1	Carrier Claims	\$273.000
2	Marketing/Call-Center	\$5.508
3	Other Program Services	\$8.000
4	Audits	\$1.200
5	Banking Fees	\$50
6	Data Processing Automation	<u>\$50</u>
7	Sub-Total	\$287.808
B	Administrative Committee Costs:	
1	Administrative Committee	\$21
2	Sub-Committee	\$15
3	Special Needs Accommodation	<u>\$0</u>
4	Sub-Total	\$36
C	PUC Staff and Admin Costs:	
1	Admin Costs (interagency cost)	\$1.500
2	Staff Costs	<u>\$540</u>
3	Sub-Total	\$2.040
D	Total Program Expenses	<u><u>\$289.884</u></u>

Sources:

Line A.1 is based on ULTS claims projected by the telecommunications carriers plus estimates of carriers' implementation Costs of Decision 05-04-026;

Lines A.2, A5 and A6 are based on current contracts;

Line A.4 is the project audit costs pursuant to Public Utilities Code § 274;

Line B.1 is projected committee expense for 6 meetings;

Line B.2 is projected sub-committee expense for 4 meetings;

Line C.1 is the projected program's pro-rata share of state control agencies costs; and

Line C.4 is the projected staff costs for the administration of the ULTS program.